

1     you want the names?

2             Q.     No, a number would be fine.

3             A.     Ten.

4             Q.     Is the Atlantic City cellular system or  
5     market one of the ones for which you do some  
6     work?

7             A.     Yes.

8             Q.     What are your duties and  
9     responsibilities as to the Atlantic City system?

10            A.     In a corporate position, oversight of  
11     how the business is doing with respect to budget  
12     and ensuring that everything that's done is done  
13     within the constraints of the management  
14     agreement and that Ellis Thompson approves  
15     whatever he's required to approve based upon the  
16     management agreement and any other policies like  
17     the check signing policy.

18            Q.     All right. How is the budget for the  
19     Atlantic City system developed?

20            A.     We start in August developing all of  
21     the budgets including Atlantic City. And we  
22     start first with working up projected subscriber  
23     numbers. And from there the local staff builds  
24     up an operating budget. It comes up to corporate  
25     for a first go-round review. After that changes

1 are made based upon our comments and further  
2 discussion and changes in the interim time  
3 period.

4 And then a second version is done as is  
5 done in all of the systems, and that second  
6 version is then sent out to Ellis Thompson for  
7 his approval. That's pretty much it. And then,  
8 based upon his approval, there may or may not be  
9 further changes made.

10 Q. Do you play any role in the negotiating  
11 of contracts on behalf of Comcast for the  
12 Atlantic City system?

13 A. No, I do not.

14 Q. Is there anybody with Comcast Cellular  
15 who is responsible for negotiating contracts on  
16 behalf of Comcast for the Atlantic City system?

17 A. Within Comcast Cellular?

18 Q. Or within Comcast as a whole.

19 A. Negotiating contracts? Well, you know,  
20 there would be some preliminary work done; like,  
21 for example, for a cell site lease,  
22 preliminarily, you know, one of the engineers  
23 working with a potential landlord to come to a  
24 certain point with a lease before it's sent out  
25 to Ellis Thompson for his legal counsel's review,

1 approval, and sign off. So I guess there's some  
2 limited amount that would be done.

3 Q. Is there any person at Comcast who  
4 negotiates the roaming contracts?

5 A. Within the roamer group, there's a  
6 standard contract used. But again Ellis Thompson  
7 would sign off on it, a standard industry  
8 contract.

9 MR. GURMAN: As to terms, not rates.

10 THE WITNESS: Right, yes. He has final  
11 say on the rates.

12 BY MR. WEBER:

13 Q. Do you know Ellis Thompson?

14 A. Yes, I do.

15 Q. And who is he?

16 A. He is the owner of the Atlantic City  
17 system.

18 Q. Do you report to him?

19 A. No, I do not.

20 Q. Do you know David Lokting?

21 A. Yes, I do.

22 Q. Who is he?

23 A. He's Ellis Thompson's legal counsel.

24 Q. Do you report to him?

25 A. No, I do not.

1 Q. Do you have direct contacts with either  
2 Mr. Thompson or Mr. Lokting?

3 A. Yes, I do.

4 Q. How often?

5 A. I would say once every two months or  
6 so. It really depends on what's happening.

7 Q. Is the contact typically through  
8 Mr. Lokting?

9 A. Yes, it is.

10 Q. Do you have contacts with Mr. Thompson  
11 directly?

12 A. Occasionally.

13 Q. Less often than once every two months?

14 A. Yes.

15 Q. The contacts with Mr. Lokting, do you  
16 typically contact him or does he contact you?

17 A. Either way.

18 Q. Are you required to seek Mr. Thompson's  
19 approval for any matters?

20 A. Yes.

21 Q. And what matters, what type of matters  
22 are you required to get his approval on?

23 A. Anything that's out of budget, I guess  
24 to sign off on the checks, over certain limits he  
25 has to approve. It kind of falls in the category

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1 of out of budget, but any changes to the cellular  
2 system. If the engineers feel that more cell  
3 sites are needed or changes need to be made with  
4 coverage, his approval is required.

5 Also he would have to approve any rate  
6 plan changes, anything in the marketing area  
7 that's a change from what we've been doing he  
8 would have to approve, any commission changes to  
9 agents, again anything that's not budgeted he  
10 would have to approve.

11 Q. And how do you go about seeking his  
12 approval?

13 A. It's usually done in writing depending  
14 on what -- I mean, if it's for rate plans, the  
15 marketing department would generally draft  
16 something up and send it by way of the senior  
17 vice-president of sales and marketing, Dave  
18 Watson. It would be sent out to Ellis Thompson  
19 care of David Lokting.

20 Q. Does it depend upon what type of  
21 approval you're seeking, would that make it  
22 dependent upon who is seeking his approval?

23 A. The request for approval would come  
24 through generally any one of three people, in  
25 engineering it would be Ray Dombroski now; sales

1 and marketing, Dave Watson; and anything in the  
2 finance area would be me. We each copy each  
3 other and communicate with each other on things  
4 so that we each know what's going on.

5 MR. WEBER: I would like this exhibit  
6 marked as Hillman Exhibit 1.

7 (Hillman Exhibit No. 1 was  
8 marked for identification.)

9 BY MR. WEBER:

10 Q. Have you seen this document before?

11 A. I'm not sure about the front part of  
12 it, but the back, the switching agreement and the  
13 amendments, I have.

14 Q. If you'll notice, there are stamped  
15 numbers down at the bottom. Can you tell us what  
16 you have not seen before?

17 A. I said I'm not sure. Page 21.

18 Q. You mean the numbers up at the top?

19 A. Yeah.

20 Q. You have seen the amendment that starts  
21 on page 144287 down at the lower right-hand  
22 corner?

23 A. Yes, I have.

24 Q. Can you tell us what this is?

25 A. This is the management agreement.

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1 Q. Do you know the circumstances which led  
2 to this agreement being entered into?

3 A. I had just started with the company  
4 right about that time.

5 Q. There is another amendment which starts  
6 at page 144295. Do you recognize that document,  
7 that amendment?

8 A. Yes.

9 Q. Can you tell us what this amendment is?

10 A. This reduces the management fee  
11 percentage.

12 Q. Can you tell us the circumstances that  
13 led to this amendment being entered into?

14 A. I think I do remember this. The  
15 management fee that was negotiated by the prior  
16 owners was higher, it was, I don't know, 15  
17 percent or something. We may have had the same  
18 high rates for other businesses that we were  
19 managing, but it was renegotiated for a lower  
20 rate.

21 Q. And by prior owners who do you mean?

22 A. Amcell.

23 Q. And owners of what?

24 A. Of the company that owned the cellular  
25 licenses in North Jersey and the Delaware region

1 that were then sold to Comcast.

2 Q. And there's one final amendment on  
3 144298. Do you recognize this amendment?

4 A. Yes, I do.

5 Q. And can you tell us what this amendment  
6 does?

7 A. This amendment was approval to manage  
8 the Atlantic City system out of the Wilmington  
9 office.

10 Q. And what were the circumstances that  
11 led to this amendment being entered into?

12 A. Lower cost of running the business.

13 Q. Where was the Atlantic City system  
14 managed from prior to this amendment?

15 A. It was in a building called Bayport  
16 One, right outside of Atlantic City.

17 Q. Do you know or can you recall any other  
18 amendments to the management agreement other than  
19 the ones attached here?

20 A. No, I can't.

21 Q. Is the Atlantic City cellular system  
22 the only market which Comcast manages as opposed  
23 to owns?

24 A. It's the only one that we manage that  
25 we own less than 50 percent of. We manage the

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1     Dover market which is 50 -- we own 50 percent of  
2     it with Southwest Bell.

3           Q.     To your knowledge did Mr. Thompson or  
4     his counsel play any role in negotiating the  
5     management contract for the Atlantic City system?

6           A.     Yes, they did.

7           Q.     Can you describe the role they played?

8           A.     To the best of my knowledge, they  
9     played an equal role of what the management  
10    agreement should be.

11          Q.     Do you know if Mr. Thompson has ever  
12    expressed any dissatisfaction over the management  
13    fees?

14          A.     Yes, he has.

15          Q.     And when was this approximately, if you  
16    can recall?

17          A.     A couple months ago.

18          Q.     And what has been done, if anything?

19          A.     I think that we've agreed to lower it a  
20    percent or two.

21          Q.     Do you know what the basis of his  
22    dissatisfaction was?

23          A.     He just thought that it was high  
24    considering the size of the business.

25          Q.     How did he express his

1 dissatisfaction? Was it by letter, did he do so  
2 in a meeting?

3 A. I can't remember, it could have been by  
4 phone, by letter, or in a meeting. But I know it  
5 was discussed probably in each of those formats  
6 one way or another. I don't remember where it  
7 was first raised. I think it was in a budget  
8 review actually.

9 Q. Can you recall anything he specifically  
10 said other than he just thought it was too high?

11 A. That about said it, I mean he thought  
12 that it was -- thought that, you know, given the  
13 size of the business and how long it had been in  
14 business, that it was high and, you know, we  
15 should look into lowering it, he wanted it  
16 lowered.

17 Q. Did he, if you can recall, ever use any  
18 threat to fire Comcast as the manager?

19 A. I never heard him say that.

20 MR. WEBER: I would like to have this  
21 next document marked as Hillman Exhibit 2. This  
22 is a multipage document titled Cellular One  
23 License Agreement bearing the Bates stamps AM  
24 144461 through 144496.

25 (Hillman Exhibit No. 2 was

marked for identification.)

BY MR. WEBER:

Q. Do you recognize this document?

A. This specific document, no.

Q. Do you know what this document is?

A. This is the license agreement between Cellular One and Ellis Thompson. I've seen this standard license agreement but not this specific.

Q. Has the Atlantic City system entered into a license agreement with Cellular One?

A. They would have had to because they're using the Cellular One name, yes.

Q. Do you know how that decision was made?

A. I don't.

Q. You played no part in that decision?

A. I did not.

Q. Does the Atlantic City system have roaming agreements with other markets?

A. Yes, it does.

Q. Do you know how many?

A. I don't know the exact number, but hundreds I'm sure.

Q. Does the Atlantic City system have roaming agreements with all other Comcast

1 markets?

2 A. Yes, it does.

3 Q. Is there a standard roaming contract  
4 used by Comcast with its systems?

5 A. Yes, there is.

6 Q. And is that the same roaming contract  
7 that is used in the Atlantic City system?

8 A. I believe that it is.

9 Q. Do you know if there's any differences  
10 between the roaming agreements between Atlantic  
11 City in a Comcast market and Atlantic City in a  
12 non-Comcast market?

13 A. There shouldn't be any, the only thing  
14 that would vary would be the rate. And the rates  
15 even between Atlantic City -- the only thing that  
16 would be different would be the rates.

17 Q. And how are the rates different?

18 A. The rates between Atlantic City and the  
19 neighboring markets including Vineland which we  
20 don't own are lower than the standard industry  
21 rate.

22 Q. Now, I believe Mr. Smith told us  
23 earlier that Comcast also owns a system in  
24 Aurora, is that Illinois?

25 A. Uh-huh.

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1 Q. And then is there another one in  
2 Illinois?

3 A. Joliet.

4 Q. Are the roaming rates lower for Aurora  
5 and Joliet than the standard rates?

6 A. Yes, they are. I'm sorry, the rates  
7 with who?

8 Q. With Aurora and Joliet and Atlantic  
9 City.

10 A. No, they're not. Sorry.

11 Q. Did Mr. Thompson play any role in  
12 negotiating the roaming contracts for the  
13 Atlantic City market?

14 A. Yes, he did. He participated in  
15 negotiating the rate with Comcast and also has  
16 participated in negotiating rates with other  
17 cellular companies.

18 Q. Who at Comcast typically handles the  
19 roaming agreements?

20 A. Someone within the accounting  
21 department.

22 Q. Is there any one person that is the  
23 contact point for roaming agreements?

24 A. Yes.

25 Q. And who is that?

1 A. Pam Petrine.

2 Q. Do you know if either Mr. Thompson or  
3 Mr. Lokting have direct contact with the roaming  
4 agents with the other systems or does it all go  
5 through Ms. Petrine?

6 A. It's all done through our roaming  
7 department as part of the management agreement.

8 Q. Did there come a time wherein Comcast  
9 recommended the cancelling of the roaming  
10 agreements with select block B carriers?

11 A. I know that we did in general. I  
12 wouldn't say we recommended cancelling block B  
13 because rates were higher. With some of the New  
14 York and Philadelphia block B, they would charge  
15 the \$3 access in addition to the 99 cents a  
16 minute. For that reason we recommended  
17 cancelling them because the industry was moving  
18 toward 99 cents flat.

19 Q. Can you ever recall any discussions  
20 about concerns about cellular fraud?

21 A. Yes, I do.

22 Q. And were there ever discussions that,  
23 because of cellular fraud, that maybe some  
24 roaming agreements should be cancelled?

25 A. Yes.

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1 Q. Did any of these systems in which  
2 Comcast owns the facilities actually end up  
3 cancelling roaming agreements because of cellular  
4 fraud?

5 A. Yes. But cellular fraud wasn't the  
6 only reason. It was also specifically with -- I  
7 don't want to take up too much time, but just to  
8 give a little history, generally cellular  
9 carriers signed up with both the A side and the B  
10 side just for coverage because one might -- the B  
11 side was up first.

12 So we pretty much had agreements with  
13 the B side because you got the coverage. And  
14 then, as time went by, the A side had the  
15 coverage for the customers so the B side wasn't  
16 really needed because the phone sought A. And,  
17 if it got it, that's what it would use.

18 And again, like I said, the rates  
19 tended to still have the \$3 access associated  
20 with them and then on top of this fraud was  
21 starting to happen. And the clearinghouses which  
22 were able to check for stolen phones and so forth  
23 didn't speak too well to each other between A and  
24 B, you had EDS handling the A side, GTE handling  
25 the B side, they didn't speak to each other.

1           So you started to see an increase in  
2     fraud on the B side, fraudulent use of your  
3     numbers that was pretty much impossible to  
4     control. So, for those combined reasons, I think  
5     the ultimate reason being fraud, we did recommend  
6     cancelling them and I know that we did cancel  
7     some.

8           Q.     Was it recommended that Mr. Thompson  
9     should consider cancelling these as well?

10          A.     It would have been, yeah.

11          Q.     Do you know if he agreed to cancelling  
12     any?

13          A.     I don't recall.

14          Q.     Can you describe, if you know, what  
15     role Mr. Thompson or Mr. Lokting played in  
16     negotiating any roaming agreements?

17          A.     Generally it would just come down to  
18     the rate, the rate that would be paid. The  
19     standard industry rate right now is 99 cents.  
20     There are carriers out there that still try and  
21     charge the \$3 a day. But local companies, New  
22     York, for example, is really pushing for lower  
23     rates.

24                 And Comcast has lower rates with New  
25     York, Comcast has lower rates with



1 Baltimore-Washington. Ellis Thompson did not  
2 agree to lower his rates with those carriers and  
3 maintained higher rates.

4 Q. So there are markets where the Atlantic  
5 City system has different roaming rates than say  
6 the Wilmington market has?

7 A. Yes, there are.

8 Q. Has Mr. Thompson ever directly given  
9 you instructions?

10 MR. GURMAN: Regarding roaming?

11 BY MR. WEBER:

12 Q. We're into a new area, just  
13 instructions in general.

14 A. Yeah, he would raise questions from  
15 time to time, but not instructions.

16 Q. Has Mr. Lokting ever given you  
17 instructions?

18 A. None that I recall.

19 Q. How often are corporate meetings held  
20 for the Atlantic City system?

21 A. Quarterly generally.

22 Q. Are you typically in attendance?

23 A. Yes, I am.

24 Q. Where are these meetings held?

25 A. Most of them are held in the

1 Philadelphia area.

2 Q. Who else is typically at these  
3 meetings?

4 A. Ellis Thompson, David Lokting, most  
5 recently Ellis' wife, Maria, myself, Jeff Smith,  
6 Dave Watson, and Ray Dombroski, previously  
7 Dominic Villecco.

8 Q. What is the purpose of these meetings?

9 A. To review results, to go over budgets  
10 once a year, to review performance to budget on a  
11 quarterly basis, to talk about capital plans,  
12 anything else significant that needs to be --  
13 that's easier to talk about face to face like  
14 proposed rate changes, that sort of thing.

15 Q. Are there topics raised in these  
16 meetings in which approval is sought from  
17 Mr. Thompson?

18 A. Yes, there would be.

19 Q. And those would be the same type of  
20 matters as we discussed previously?

21 A. Yes.

22 Q. What role do you play at these  
23 meetings?

24 A. I generally review the financial  
25 results, explain any variances to budget, and

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1 then would participate in any other discussions,  
2 capital, marketing, anything.

3 Q. What role does Mr. Thompson play at  
4 these meetings?

5 A. You know, he reviews the information,  
6 asks questions, suggests, you know, possible  
7 alternatives.

8 Q. What do you mean by suggests possible  
9 alternatives?

10 A. For example, if there's a capital plan  
11 proposed that he views as too extensive, not the  
12 amount of money that he thinks the business  
13 should spend, he'll suggest cuts.

14 Q. Is it more than suggesting cuts or does  
15 he actually say cut?

16 A. He's overruled the capital budget every  
17 year.

18 Q. Can you explain that in more detail?

19 A. Engineering may feel we need say, for  
20 example, six cell sites for coverage capacity to  
21 handle all the portable phones that are being  
22 used nowadays. And that may come to several  
23 million dollars.

24 And, you know, Ellis will ask a lot of  
25 questions about, well, do we really need all

1     these sites or is there some way that we can  
2     still get basically almost where we need to be  
3     with less. And he'll ask for alternatives and  
4     the engineering department will usually go back  
5     and refigure and come back with alternatives for  
6     fewer cell sites.

7           Q.     Will this happen in the time frame of a  
8     single meeting, where he's asking for cuts, or  
9     does it go over a period of time?

10          A.     It goes over a period of time.

11          Q.     Do you know if Mr. Lokting has any --  
12     I'm sorry, Mr. Thompson, if he has any other  
13     outside people look at the recommendations other  
14     than Mr. Lokting?

15          A.     I'm not sure.

16          Q.     Now, you said that every year he's  
17     I guess vetoed the capital budget. By what  
18     percentage is it typically lowered by?

19          A.     I would say anywhere from -- in the  
20     prior years, not counting this year, prior years  
21     it was lowered I would say 20 to 40 percent.  
22     This past year it was 50 or 60 percent, somewhere  
23     around there. It was a significant plan this  
24     past year, proposal.

25          Q.     What changes this year would be so

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1 significant to be up to 60 percent?

2 A. There was just a -- rather than  
3 proposing, you know, two, three, or four sites,  
4 it was eight sites that were proposed.

5 Q. What role does Mr. Lokting normally  
6 play in these quarterly meetings?

7 A. He also looks at the information and  
8 asks questions.

9 Q. What is your telephone number  
10 currently?

11 A. My direct line?

12 Q. Yes.

13 A. (610) 995-3742.

14 Q. Now, I know there was just a change in  
15 the area codes. What was your number previous to  
16 that?

17 A. 215.

18 Q. And then the same?

19 A. No. 975 -- I don't remember. I don't  
20 remember. I can get it.

21 Q. All right. We can get that off the  
22 record, that's fine.

23 And how long have you been in your  
24 offices in Wayne?

25 A. I think it's been around three years

1 now.

2 Q. Prior to that were you in Philadelphia?

3 A. Yes.

4 Q. Do you remember your number in  
5 Philadelphia?

6 A. No, I don't.

7 Q. I want to start a discussion about how  
8 decisions are made in the system. If any one of  
9 the offices, say engineering or budget, has a  
10 proposal, what process does that go through, if  
11 any, before it's even presented to Mr. Thompson?

12 A. It would be discussed within that  
13 applicable department; for example, engineering.  
14 It would be raised to the vice-president of  
15 engineering, Ray Dombroski, and discussed with  
16 him and then probably would include Jeff and I  
17 next, Jeff is legal, you've met Jeff, probably  
18 include us next, just a general discussion, and  
19 then it would be communicated to Jeff Thompson  
20 for further discussion and approval, Ellis  
21 Thompson.

22 Q. He goes by Jeff, though, correct?

23 A. Yes, that's what we used to call him.

24 Q. Do all proposals have to go through you  
25 prior to going to Mr. Thompson?

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1 A. Yes.

2 Q. Do you have the authority then to veto  
3 a proposal?

4 A. Yeah, I guess I would.

5 Q. Are you given any authority to take  
6 actions on behalf of the Atlantic City system?

7 A. Not other than what's within budget.

8 MR. GURMAN: When you say veto, you  
9 mean internal within the company?

10 MR. WEBER: Right.

11 MR. GURMAN: Management team?

12 BY MR. WEBER:

13 Q. Right, veto a proposal so it's never  
14 even put in front of Mr. Thompson.

15 A. I would assume I do. I don't recall  
16 ever doing that, but I guess I would have that  
17 authority.

18 Q. Have you ever discussed the ownership  
19 of the Atlantic City system with other Comcast  
20 employees?

21 A. In general so that they're aware of  
22 what our situation is and what the management  
23 agreement is, yes.

24 Q. Can you recall with whom you've had  
25 such discussions?

1           A.     I've had discussions with  
2     vice-president of engineering, Ray Dombroski,  
3     when he was new in his position; with Dave  
4     Watson, senior vice-president of sales and  
5     marketing, when he was also new in his position;  
6     I've had the discussions with the general manager  
7     in Wilmington, the controller in Wilmington, my  
8     controller, a lot of people.

9           Q.     And what would you tell these people?

10          A.     Just that we have a management  
11     agreement with Ellis Thompson to manage the  
12     business and anything that falls outside of the  
13     budget has to have his approval and anything  
14     significant that happens within the business he  
15     needs to know about.

16          Q.     Has there ever been a time where you've  
17     had to have such a discussion with an employee  
18     because they may have taken an action which was  
19     not consistent with the management agreement?

20          A.     I don't remember ever having that  
21     discussion after an action was taken. But,  
22     before an action was about to be taken, I've had  
23     the discussion.

24                 Just as an example, someone new in  
25     marketing looking at new rate plans, having to



1 sit them down and say here's the procedure you  
2 have to follow, and then the procedure would be  
3 followed.

4 Q. And the procedure to be followed with a  
5 new rate plan would be what?

6 A. Discussion with Ellis Thompson on  
7 why --

8 Q. But I guess first a discussion  
9 internally, right?

10 A. Yes, right, which is where, if it came  
11 to my attention, it would come to my attention  
12 there.

13 MR. WEBER: I would like to have this  
14 marked as Hillman Exhibit 3, it's a one-page  
15 letter dated February 10, 1995, with the Bates  
16 stamp AM 146942.

17 (Hillman Exhibit No. 3 was  
18 marked for identification.)

19 BY MR. WEBER:

20 Q. I note you're not the addressee or  
21 copied on this, but have you ever seen this  
22 letter before?

23 A. I don't recall.

24 Q. The matter of the letter, can you  
25 recall ever hearing that discussed previously?